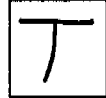


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-01677A
TURNER RANCHES WATER & SANITATION CO
PO BOX 1020
APACHE JUNCTION, AZ 85217-1020



RECEIVED

MAY 18 2005

AZ Corporation Commission
Director Of Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
----	----	------

FOR COMMISSION USE

ANN04	04
-------	----

COMPANY INFORMATION

Company Name (Business Name) Turner Ranches Water & Sanitation Company

Mailing Address PO Box 1020
(Street)

Apache Junction
(City)

AZ
(State)

85217-1020
(Zip)

480 677-6080

Telephone No. (Include Area Code)

480 677-6082

Fax No. (Include Area Code)

602 240-8051

Pager/Cell No. (Include Area Code)

Email Address jlopez2027@aol.com

Local Office Mailing Address 3880 S De Niza Road
(Street)

Apache Junction
(City)

AZ
(State)

85219
(Zip)

Same as above

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address Same as above

MANAGEMENT INFORMATION

Management Contact: Fred T Wilkinson President
(Name) (Title)

3880 S De Niza Rd
(Street)

Apache Junction
(City)

AZ
(State)

85234
(Zip)

480 677-6080

Telephone No. (Include Area Code)

480 677-6082

Fax No. (Include Area Code)

602 240-8051

Pager/Cell No. (Include Area Code)

Email Address jlopez2027@aol.com

On Site Manager: First National Management Inc
(Name)

PO Box 1020
(Street)

Apache Junction
(City)

AZ
(State)

85217-1020
(Zip)

480 677-6080

Telephone No. (Include Area Code)

4880 677-6082

Fax No. (Include Area Code)

602 240-8051

Pager/Cell No. (Include Area Code)

Email Address jlopez2027@aol.com

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Charles Hulstrand

(Name)

151 N Country Club Drive

(Street)

Mesa

(City)

AZ

(State)

85201-6521

(Zip)

480 461-9000

Telephone No. (Include Area Code)

480 461-8543

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Same as Above

(Name)

Same as Above

(Street)

(City)

(State)

(Zip)

Same as Above

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☒ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☒ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME **Turner Ranches Water & Sanitation Company**

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	46,864.37	43,317.05	3,547.32
302	Franchises	3,613.30	3,141.48	471.82
303	Land and Land Rights	6,298.00		6,298.00
304	Structures and Improvements	115,292.41	86,984.16	28,308.25
307	Wells and Springs	739,112.91	526,593.36	212,519.55
311	Pumping Equipment	1,120,611.09	852,620.72	267,990.37
320	Water Treatment Equipment	20,575.71	17,418.44	3,157.27
330	Distribution Reservoirs and Standpipes	874,496.07	519,133.7	355,362.37
331	Transmission and Distribution Mains	1,197,402.49	599,593.05	597,809.44
333	Services	162,372.94	122,341.49	40,031.45
334	Meters and Meter Installations	162,926.46	77,044.09	85,882.37
335	Hydrants	215,947.84	92,688.42	123,259.42
336	Backflow Prevention Devices	-		
339	Other Plant and Misc. Equipment	-		
340	Office Furniture and Equipment	19,663.87	4,967.14	14,696.73
341	Transportation Equipment	64,886.60	12,018.73	52,867.87
343	Tools, Shop and Garage Equipment	23,282.45	21,638.73	1,643.72
344	Laboratory Equipment	-		
345	Power Operated Equipment	21,866.94	21,627.36	239.58
346	Communication Equipment	2,668.14	1,889.53	778.61
347	Miscellaneous Equipment	567.81	110.66	457.15
348	Other Tangible Plant	-		
	TOTALS	4,798,449.40	3,003,128.11	1,795,321.29

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME **Turner Ranches Water & Sanitation Company**

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	46,864.37	1.30	608.11
302	Franchises	3,613.30	3.38	122.11
303	Land and Land Rights	6,298.00		
304	Structures and Improvements	115,292.41	4.52	5,207.69
307	Wells and Springs	739,112.91	4.35	32,166.80
311	Pumping Equipment	1,120,611.09	2.5	28,038.71
320	Water Treatment Equipment	20,575.71	3.47	713.85
330	Distribution Reservoirs and Standpipes	874,496.07	2.06	18,039.29
331	Transmission and Distribution Mains	1,197,402.49	2.09	24,992.00
333	Services	162,372.94	3.69	5,991.64
334	Meters and Meter Installations	162,926.46	3.55	5,788.93
335	Hydrants	215,947.84	2.96	6,386.89
336	Backflow Prevention Devices	-		
339	Other Plant and Misc. Equipment	-		
340	Office Furniture and Equipment	19,663.87	2.91	572.85
341	Transportation Equipment	64,886.60	3.34	2,169.62
343	Tools, Shop and Garage Equipment	23,282.45	1.43	332.63
344	Laboratory Equipment	-		
345	Power Operated Equipment	21,866.94	.57	125.00
346	Communication Equipment	2,668.14	5.00	133.41
347	Miscellaneous Equipment	567.81	3.37	19.15
348	Other Tangible Plant	-		
	TOTALS	4,798,449.40		131,408.68

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

BALANCE SHEET

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 1,488.42	\$ 4,121.36
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	40,279.29	37,759.61
146	Notes/Receivables from Associated Companies	1,459,380.93	1,731,903.70
151	Plant Material and Supplies		
162	Prepayments	106,190.00	89,075.00
174	Miscellaneous Current and Accrued Assets	15,026.75	16,026.75
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 1,622,365.39	\$ 1,878,886.42
	FIXED ASSETS		
101	Utility Plant in Service	\$ 4,798,449.40	\$ 4,798,449.40
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(2,871,719.43)	(3,003,128.11)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 1,926,729.97	\$ 1,795,321.29
	TOTAL ASSETS	\$ 3,549,095.36	\$ 3,674,207.71

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$ 94,197.97	\$ 75,469.12
232	Notes Payable (Current Portion)	7,972.70	8,677.43
234	Notes/Accounts Payable to Associated Companies	568.59	2,000.00
235	Customer Deposits	5,900.00	5,900.00
236	Accrued Taxes	90,831.86	99,465.00
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	333,667.07	322,962.31
	TOTAL CURRENT LIABILITIES	\$ 533,138.19	\$ 514,473.86
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 14,403.41	\$ 5,725.98
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax	30,693.00	29,628.00
	TOTAL DEFERRED CREDITS	\$ 30,693.00	\$ 29,628.00
	TOTAL LIABILITIES	\$ 578,234.35	\$ 549,827.84
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 1,000,000.00	\$ 1,000,000.00
211	Paid in Capital in Excess of Par Value	1,031,365.11	1,031,365.11
215	Retained Earnings	1,105,695.57	1,096,837.76
	Prior Period Adjustments	(166,199.67)	(3,823.00)
	TOTAL CAPITAL	\$ 2,970,861.01	\$ 3,124,379.87
	TOTAL LIABILITIES AND CAPITAL	\$ 3,549,095.36	\$3,674,207.71

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 31,231.96	\$ 34,983.46
460	Unmetered Water Revenue	768,411.26	786,532.47
474	Other Water Revenues	140.00	200.00
	TOTAL REVENUES	\$ 799,783.22	\$ 821,715.93
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water	157,554.46	148,631.14
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance	52,546.30	63,164.79
621	Office Supplies and Expense	23,943.06	31,787.84
630	Outside Services	195,500.00	204,000.00
635	Water Testing	2,258.88	3,118.88
641	Rents	9,370.10	6,594.00
650	Transportation Expenses	8,094.95	9,006.02
657	Insurance – General Liability	7,983.21	10,044.40
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case	2,054.92	1,752.12
675	Miscellaneous Expense	17,213.87	16,197.00
403	Depreciation Expense	130,980.77	131,408.68
408	Taxes Other Than Income	7,550.68	5,136.38
408.11	Property Taxes	39,283.77	41,990.90
409	Income Tax	88,726.00	99,465.00
	TOTAL OPERATING EXPENSES	\$ 743,060.97	\$ 772,297.15
	OPERATING INCOME/(LOSS)	\$ 56,722.25	\$ 49,418.78
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 80,311.66	\$ 95,716.25
421	Non-Utility Income	12,974.55	14,039.16
426	Miscellaneous Non-Utility Expenses	(20.00)	
427	Interest Expense	(3,812.38)	(1,596.10)
	TOTAL OTHER INCOME/(EXPENSE)	\$ 89,453.83	\$ 108,159.31
	NET INCOME/(LOSS)	\$ 146,176.08	\$ 157,578.09

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	07/23/01	07/23/01		
Source of Loan	Toyota Finance	Toyota Finance		
ACC Decision No.				
Reason for Loan	Vehicle	Vehicle		
Dollar Amount Issued	\$ 23,498.77	\$ 15,368.05	\$	\$
Amount Outstanding	\$ 8,542.60	\$ 5,860.81	\$	\$
Date of Maturity	07/23/06	07/23/06		
Interest Rate	8.5 %	8.5 %	%	%
Current Year Interest	\$ 951.54	\$ 644.56	\$	\$
Current Year Principle	\$ 4,833.78	\$ 3,138.92	\$	\$

Meter Deposit Balance at Test Year End \$ 900.00

Meter Deposits Refunded During the Test Year \$ -0-

WATER COMPANY PLANT DESCRIPTION**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-518151	150	550	1,523	16	8	1987
55-610824	250	1,200	1,000	18	10	1972
55-621102	300	1,625	800	18	10	1953
55-621103	250	1,050	1,000	16	10	1959
55-621104	250	1,100	1,040	20	10	1949
55-508886	35	200	600	8	3	1984

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
City of Mesa (Effluent)		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
60	3-800 GPM	136	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
250,000	1		

WATER COMPANY PLANT DESCRIPTION (CONTINUED)**MAINS**

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	AC	9,818
8	AC	44,971
10	AC	18,205
12	AC	5,800

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	
1	
1 1/2	1
2	2
Comp. 3	
Turbo 3	1
Comp. 4	
Tubo 4	
Comp. 6	1
Tubo 6	2
Comp. 10	5

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

None

STRUCTURES:

30' x 50' Prefabricated Steel Maintenance Building

OTHER:

None

COMPANY NAME: Turner Ranches Water & Sanitation Company

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	1052	16,057,700	130
FEBRUARY	1052	17,124,723	1,108
MARCH	1052	32,984,795	2,740
APRIL	1054	52,756,695	8,195
MAY	1054	91,021,744	25,886
JUNE	1056	94,968,331	124,891
JULY	1058	78,775,757	130,576
AUGUST	1059	94,835,097	115,580
SEPTEMBER	1059	62,317,401	93,135
OCTOBER	1061	57,832,008	28,673
NOVEMBER	1060	27,048,164	1,366
DECEMBER	1060	12,232,600	2,647
TOTAL		N/A	534,927

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. _____ mg/l

(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 40,944.38

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

TURNER RANCHES**WATER AND SANITATION COMPANY****OPERATING ACCOUNT**

P.O. BOX 1020
APACHE JUNCTION, AZ 85217-1020
(480) 677-6080

BANK OF AMERICA ARIZONA

MESA, AZ 85206

01-170/1221

4670

4/15/2004

PAY TO THE
ORDER OF

Maricopa County Treasurer

\$ **19,471.93

Nineteen Thousand Four Hundred Seventy-One and 93/100*****

DOLLARS

Maricopa County Treasurer
P O Box 78574
Phoenix, Az 85062-8574

TWO SIGNATURES
REQUIRED OVER \$500.00

Fred T. Wilk
Judy A. Lopez

MEMO

⑈004670⑈ ⑆122101706⑆

235⑈043357⑈

⑈0001947193⑈

TURNER RANCHES**WATER AND SANITATION COMPANY****OPERATING ACCOUNT**

P.O. BOX 1020
APACHE JUNCTION, AZ 85217-1020
(480) 677-6080

BANK OF AMERICA ARIZONA

MESA, AZ 85206

01-170/1221

4862

10/20/2004

PAY TO THE
ORDER OF

Maricopa County Treasurer

\$ **21,472.45

Twenty-One Thousand Four Hundred Seventy-Two and 45/100*****

DOLLARS

Maricopa County Treasurer
P O Box 78574
Phoenix, Az 85062-8574

TWO SIGNATURES
REQUIRED OVER \$500.00

Judy A. Lopez
Lydia A. Lopez

MEMO

⑈004862⑈ ⑆122101706⑆

235⑈043357⑈

⑈0002147245⑈

COMPANY NAME Turner Ranches Water & Sanitation Company **YEAR ENDING 12/31/2004**

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>249,980</u>
Estimated or Actual Federal Tax Liability	<u>80,742</u>

State Taxable Income Reported	<u>268,703</u>
Estimated or Actual State Tax Liability	<u>18,723</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

PRINTED NAME

TITLE

RECEIVED

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

MAY 18 '2005

**AZ Corporation Commission
Director Of Utilities**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
Maricopa
NAME (OWNER OR OFFICIAL) TITLE
Fred T Wilkinson, Vice President
COMPANY NAME
Turner Ranches Water & Sanitation Company

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

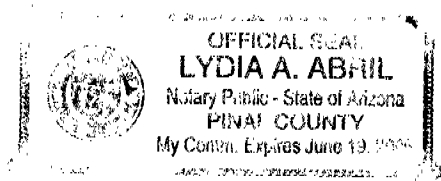
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

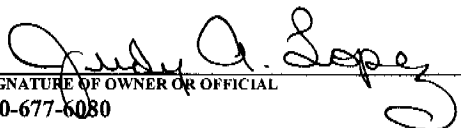


Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 877,016.42

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 55,762.74
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**


SIGNATURE OF OWNER OR OFFICIAL
480-677-6080
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 16 DAY OF

(SEAL)

COUNTY NAME
<u>Pinal</u>
MONTH
<u>MAY</u>
20 <u>05</u>

MY COMMISSION EXPIRES

June 19, 2006


SIGNATURE OF NOTARY PUBLIC

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

RECEIVED

MAY 18 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 877,016.42

(THE AMOUNT IN BOX AT LEFT
INCLUDES 55,762.74
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Judy A. Lopez
SIGNATURE OF OWNER OR OFFICIAL

480-677-6080

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

16

DAY OF

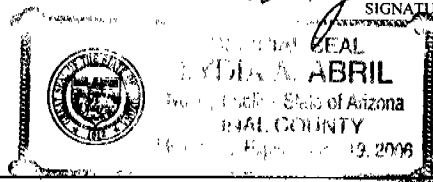
(SEAL)

MY COMMISSION EXPIRES

NOTARY PUBLIC NAME <u>Lydia A. Abril</u>	
COUNTY NAME <u>Pinal</u>	
MONTH <u>May</u>	20 <u>05</u>

X

Lydia A. Abril
SIGNATURE OF NOTARY PUBLIC



FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

Turner Ranches Water & Sanitation Co

Balance Sheet

December 31, 2004

	<u>Dec 31, 04</u>	dr	cr	<u>Dec 31, 04</u>
ASSETS				
Current Assets				
Cash	4,121.36			4,121.36
Accounts Receivable	37,759.61			37,759.61
Due from T.I., LLC	301,325.86			301,325.86
Prepaid Income Taxes	89,075.00			89,075.00
Total Other Current Assets	<u>432,281.83</u>			<u>432,281.83</u>
Fixed Assets				
Accumulated Depreciation	(2,768,176.81)		188,492.77	(2,956,669.58)
Structures & Improvements	108,967.41			108,967.41
Land	6,298.00			6,298.00
Office Furniture & Equipment	19,663.87			19,663.87
Transportation Equipment	64,886.60			64,886.60
Utility Plant in Service	4,548,155.85			4,548,155.85
Total Fixed Assets	<u>1,979,794.92</u>			<u>1,791,302.15</u>
Other Assets				
Organization Costs	46,864.37			46,864.37
Franchises	3,613.30			3,613.30
Accumulated Amortization	(49,857.96)	4,015.96	616.53	(46,458.53)
Refundable Deposits	15,026.75			15,026.75
Notes Receivable - Various	1,000.00			1,000.00
N/R - T.I., LLC	1,430,577.84			1,430,577.84
Total Other Assets	<u>1,447,224.30</u>			<u>1,450,623.73</u>
TOTAL ASSETS	<u><u>3,859,301.05</u></u>			<u><u>3,674,207.71</u></u>
LIABILITIES & EQUITY				
Current Liabilities				
Accounts Payable	75,469.12			75,469.12
Customer Deposits	900.00			900.00
Management Deposits	5,000.00			5,000.00
Sales Tax Payable	2,269.65			2,269.65
Accrued Income Taxes	99,465.00			99,465.00
Current Portion of LT Debt	8,677.43			8,677.43
Total Other Current Liabilities	<u>191,781.20</u>			<u>191,781.20</u>
Long Term Liabilities				
N.P.-First National Mgmt	2,000.00			2,000.00
Acquisition Adjustment, Net	320,692.66			320,692.66
Notes Payable	5,725.98			5,725.98
Deferred Tax Liability	29,628.00			29,628.00
Total Long Term Liabilities	<u>358,046.64</u>			<u>358,046.64</u>
Total Liabilities	549,827.84			549,827.84
Equity				
Common Stock	1,000,000.00			1,000,000.00
Treasury Stock	(687,899.53)			(687,899.53)
Paid-In-Capital	1,719,264.64			1,719,264.64
Prior Year Adjustment	(3,823.00)			(3,823.00)
Adj to tie to ACC RE (accum depr)		179,418.35	4,015.96	(175,402.39)
Retained Earnings	1,114,662.06			1,114,662.06
Net Income	167,269.04			157,578.09
Total Equity	<u>3,309,473.21</u>			<u>3,124,379.87</u>
TOTAL LIABILITIES & EQUITY	<u><u>3,859,301.05</u></u>			<u><u>3,674,207.71</u></u>

See Accountant's Report

Turner Ranch Water Sanitation

Statement of Income

Twelve Months Ended December 31, 2004

	Jan - Dec 04	dr	cr	Jan - Dec 04
Income				
Water Sales	786,532.47			786,532.47
Metered Water Sales	34,983.46			34,983.46
Alpine - Establishment Fees	160.00			160.00
Establishment Fees Income	40.00			40.00
Total Income	<u>821,715.93</u>			<u>821,715.93</u>
Cost of Goods Sold				
Field Materials & Supplies	2,343.11			2,343.11
Contract Labor	1,418.00			1,418.00
Fuel or Power Purchased	148,631.14			148,631.14
Maintenance & Repairs	58,589.79			58,589.79
Water Testing	3,118.88			3,118.88
Depreciation - COGS	0.00			0.00
Total COGS	<u>214,100.92</u>			<u>214,100.92</u>
Gross Profit	607,615.01			607,615.01
Expense				
Postage and Courier	36.84			36.84
Office & Computer Expenses	2,220.19			2,220.19
Repairs & Maintenance	4,575.00			4,575.00
Management Fees	204,000.00			204,000.00
Utilities	14,079.75			14,079.75
Security	404.78			404.78
Telephone Expenses	7,853.24			7,853.24
Accounting Fees	7,999.45			7,999.45
Automobile Expense	9,006.02			9,006.02
Bank Service Charge	7,193.04			7,193.04
Contractual Services	2,719.86			2,719.86
Insurance	10,044.40			10,044.40
Miscellaneous Expenses	1,716.58			1,716.58
Permits & Licenses	5,136.38			5,136.38
Regulatory Expenses	1,752.12			1,752.12
Rents & Storage	6,594.00			6,594.00
Depreciation Expense	121,603.92	9074.42		130,678.34
Property Tax Expense	41,990.90			41,990.90
Amortization Expense	113.81	616.53		730.34
Total Expense	<u>449,040.28</u>			<u>458,731.23</u>
Net Ordinary Income	158,574.73			148,883.78
Other Income/Expense				
Other Income				
Acquisition Amort. Income	12,974.16			12,974.16
Interest & Dividend Income	95,716.25			95,716.25
Total Other Income	<u>108,690.41</u>			108,690.41
Other Expense				
Deferred Tax (Benefit) Exp	(1,065.00)			(1,065.00)
Interest Expense	1,596.10			1,596.10
Income Tax Expense	99,465.00			99,465.00
Total Other Expense	<u>99,996.10</u>			<u>99,996.10</u>
Net Other Income	<u>8,694.31</u>			<u>8,694.31</u>
Net Income	<u><u>167,269.04</u></u>			<u><u>157,578.09</u></u>